



FINANCE COMMITTEE REPORT AND RECOMMENDATIONS NOVEMBER 2, 2005 SPECIAL TOWN MEETING

NOTES ON THE FINANCIAL CONDITION OF THE TOWN OF AMHERST

Ending Fiscal Year 2005. At the end of FY 05, the Snow and Ice budget had a deficit of \$81,000 that was cleared by subtracting that amount from the property tax levy of FY 06.

The Health Claims Trust Fund had a year-end deficit of \$705,443. To cover it, the State reduced our certified Free Cash by the same amount. After that reduction and other normal year-end adjustments, the Town had \$1,240,000 in Free Cash and \$1,729,000 in the Stabilization Fund, for a total of \$2,969,000 in its major reserve accounts. Continuing the Town's policy of reserving \$1 million for emergency use, there is \$1,969,000 in available reserves.

Managing Fiscal Year 2006. The current year has already brought two unpleasant surprises. First is the sudden increase in energy costs that will have a negative and as yet undetermined effect on operating budgets. Second is the State's requirement, under new accounting rules, that we restore the Health Claims Trust Fund deficit by appropriating \$705,443 to the Fund. Essentially, the Town has to make up that deficit twice, doubling the effect on reserves. This double penalty is temporary, because the original reduction from Free Cash will be restored at the end of FY 06. There will also be a negative impact on operating budgets, because a 5.25 percent "surcharge" will be imposed on health insurance premiums paid by the Town of Amherst, the Regional Schools, the Town of Pelham and all of their insured employees. The surcharge will last for approximately one and one-half years and is designed to eliminate the FY 05 shortfall in premium receipts. The impact on FY 06 operating budgets is a total of \$185,000 for all of the employers. Additional information is provided in Appendix One of this report.

Because of the depleted state of the Town's reserves, the Finance Committee is urging that every effort be made to pay for the increased energy and health insurance costs from existing municipal, school and library appropriations, rather than relying on supplemental appropriations later in the year.

Looking Toward Fiscal Year 2007. Preliminary estimates suggest that operating budgets would have to increase by about 7 percent over the current year in order to maintain current services. This level of increase would cover staff salary and benefit increases (including the health insurance surcharge) and higher energy costs. Expected increases in the property tax levy and other local revenue sources can make up a small part of the increase. The big unknown at this stage of the budget process is the amount of State aid that will be available to Amherst for FY 07, but it is hard to imagine the increase in aid will be even close to enough to make up the difference. The Town will clearly have to pay strict attention to spending and be prepared to examine priorities carefully.

RECOMMENDATIONS ON ARTICLES OF THE WARRANT

ARTICLE 1. Reports of Boards and Committees (Select Board)

To see if the Town will hear only those reports of Town officers, the Finance Committee, and any other Town boards or committees which are not available in written form.

NO RECOMMENDATION.

ARTICLE 2. Transfer of Funds – Unpaid Bills (Select Board)

To see if the Town will, in accordance with Chapter 44, section 64, of the Massachusetts General Laws, appropriate and transfer a sum of money to pay unpaid bills of previous years.

RECOMMENDED by unanimous Finance Committee vote. Two unpaid Amherst Schools bills of FY 2005 need to be paid: \$55.03 to reimburse elementary school staff travel (March – June) and \$650 for professional services related to a special education evaluation in late June. Bills were not available in time to pay them with FY 2005 funds. A nine-tenths majority vote of Town Meeting is required because payment is for a prior year's expenses.

ARTICLE 3. Street Acceptance – Section of Tanglewood Road (Select Board)

To see if the Town will accept as a Town way a section of Tanglewood Road as laid out by the Select Board and shown on plans of land filed with the Town Clerk, and authorize the Select Board to take by eminent domain, purchase or otherwise any fee, appurtenant rights, easements or other interest in land therefore, no appropriation being required.

RECOMMENDED by Finance Committee vote of 6-0, one member absent. All permit conditions have been met.

ARTICLE 4. Easement – Main Street Bridge (Select Board)

To see if the Town will authorize the Select Board to acquire by purchase, gift, eminent domain or otherwise, temporary and permanent easements, as to be set forth by the Massachusetts Highway Department for roadway construction, roadway safety improvements and for the replacement of the Main Street Bridge over the Fort River.

RECOMMENDED by Finance Committee vote of 6-0, one member absent. Easements are required in order for the State to proceed with replacement of the bridge. This project is a necessary safety improvement.

ARTICLE 5. FY 06 Operating Budget Amendment(s) (Finance Committee)

A. To see if the Town will amend Article 30 of the 2005 Annual Town Meeting – Fiscal Year 2006 Operating Budget, by appropriating to the Health Claims Trust Fund \$705,443 for employee health insurance and to meet such appropriation transfer \$705,443 from Free Cash in the Undesignated Fund Balance of the General Fund, said appropriation to be reimbursed to the General Fund monthly via a temporary health insurance premium surcharge to employers and employees until such time the total appropriation has been reimbursed.

RECOMMENDED by Finance Committee vote of 5-0, one member absent. The State requires Amherst to make this appropriation in order to make up the Health Claims Trust Fund's FY 05 deficit of \$705,443. The appropriation is part of a three-part process of returning the Fund to an acceptable condition. See Appendix One for a full explanation of the problem and the proposed solution.

B. To see if the Town will amend Article 30 of the 2005 Annual Town Meeting – Fiscal Year 2006 Operating Budget, by increasing the appropriation for Public Safety by \$33,650 for Fire/EMS and to meet such increased appropriation transfer \$33,650 from Ambulance Receipts Reserved for Appropriation.

RECOMMENDED by Finance Committee vote of 5-0, two members absent. This appropriation and transfer of \$33,650 from Ambulance Receipts to Public Safety represents the first half-year payment of the Town's share of a matching federal grant that would help the Town add five full-time firefighters. The initial appropriation is 27.2 percent of the cost of the new firefighters' salaries and benefits from January 2006 through June 2006, the second half of FY 06; the grant would pay \$90,000. The full grant period is four calendar years spread over five fiscal years, with the total cost for all of those years estimated to be \$1,366,486. The federal share would be \$500,000 and the Town share \$866,486. Funds for the Town's share would come from the Ambulance Fund (\$304,600), increased EMS fees (\$103,650), increased EMS stipends from four towns served (\$20,000), increased inspection fees (\$104,060) and taxation (\$300,527). The federal government would pay decreasing proportions of the cost through the last half of 2009, the fourth calendar year; then Amherst would be responsible for the full cost. No taxation would be used in the first two fiscal years. Year three would require \$76,615 in taxation; year four, \$76,615; and year five, \$150,929. Additional details are provided in Appendix Two.

Town Meeting members should be aware that approving this amendment to the FY 05 Operating Budget is the first of five increasing appropriations and entails a commitment to maintain the new positions into the future. Accepting the grant implies some rethinking of priorities.

The Town's need for additional firefighters has been known for several years. Inaction will not cause the problem to go away. The Finance Committee is convinced that the Town should take advantage of this opportunity to get federal help, even though (or especially because) we are in a period of financial stress.

ARTICLE 6. Special Services - Amherst Community Television/Cable Advisory Committee
(Select Board, Cable Advisory Committee)

To see if the Town will raise and appropriate \$4,000 for the enforcement of the provisions of the 1996 License Agreement between the Town and Comcast and, under the terms of the 1996 contract between the Town and Amherst Community Television, for Amherst Community Television and related purposes if unused or uncommitted by the Cable Advisory Committee for enforcement purposes by March 1, 2007.

RECOMMENDED by Finance Committee vote of 5-0, two members absent. The Town receives 50 cents per subscriber under the current cable contract with Comcast. This article describes how the money, estimated to be \$4,000, is to be used. Normally, an article at Annual Town Meeting takes care of this, but the language of the article for the 2005 Annual Town Meeting was not accurate so the article was dismissed. The present article resolves the problem.

ARTICLE 7. Transfer Control of Wentworth Farm
(Conservation Commission)

To see if the Town will approve the following resolution:

Whereas, 25 – 30 acres of land bounded by Belchertown Road, Old Farms Road, and land of the Conservation Commission abutting the Fort River and composed of Parcel 46 and portions of Parcel 17 and 18 of Map 18A of the Town Cadastre have been owned by the town and managed by the Conservation Commission since 1983; and,

Whereas, because of wetlands and vernal pools, this 25 – 30 acre parcel has only 3 plus buildable acres – which buildable acreage is compromised by being a functional part of the habitat of an endangered species; and,

Whereas, uses previously proposed for this land, i.e. an elementary school site (rejected by voters and town meeting, and later withdrawn as a school site by the superintendent), soccer fields (insurmountable environmental barriers), affordable housing (adverse environmental impacts plus the costs of very long driveways), and a playground (adverse environment impacts, driveway costs, and security), have proved to be unworkable; and,

Whereas, there are both private and public parcels that would be suitable for elementary school sites, if needed; and no parcel or parcels of conservation land north of the center of town or elsewhere are or have been determined to be suitable school sites for which this land could serve as compensation;

NOW, THEREFORE, BE IT RESOLVED, that the Amherst Representative Town Meeting transfer this 25 – 30 acres of land now informally managed for the town by the Conservation Commission and composed of Parcel 46/Map 18A and portions of Parcels 17 and 18 of Map 18A of the Town Cadastre and bounded by Belchertown Road, Old Farm Road, and land of the Conservation Commission abutting the Fort River from the care and custody of the Select Board to the formal management and control of the Conservation Commission under Massachusetts General Laws Chapter 40, Section 8C.

NOT RECOMMENDED by unanimous Finance Committee vote. This article has come to Town Meeting as a petition article in prior years, most recently at the 2005 Annual Town Meeting. The Finance Committee has consistently recommended against transferring control of the Wentworth Farm property to the Conservation Commission. The transfer would permanently prevent use of the property for anything other than its management as conservation land by the Conservation Commission. Any other uses, such as for affordable housing or active recreation, would no longer be possible. Future generations would have none of the options that are available to us now. The Town has owned the property for many years. During that time, other uses have been proposed but none implemented, primarily because of wetlands and endangered species considerations that apply. Thus, the property has been effectively protected from development in ways that have been proposed so far. Another layer of protection results from the fact that Town Meeting would have to approve any appropriations for a potential development project.

The property could prove valuable to the Town as property that could be converted to conservation land in exchange for removing some existing conservation land from that status for a different use. It is quite possible, for instance, that a site for some future municipal project could be substantially improved by including a sliver of neighboring conservation land to enlarge the site. In such a situation, Wentworth Farm could prove to be the means for accomplishing this.

Because Wentworth Farm is effectively protected by its status as Town-owned land with Town Meeting as its ultimate guardian, and because it has value for its potential to be traded, the Finance Committee thinks that converting it to conservation land now is both unwise and unnecessary.

ARTICLE 8. Special Act and Transfer of Control – Olympia Drive
(Select Board)

- A. To see if the Town will authorize the Select Board to petition the General Court for a Special Act to remove from the provisions of Article 97 of the Massachusetts Constitution and to allow to be used for affordable housing or general municipal purposes a certain parcel of land located on Olympia Drive, Amherst, Massachusetts, which parcel is the northwestern portion of the land taken pursuant to an Order of Taking dated July 13, 1987, and recorded in the Hampshire Registry of Deeds in Book 3018, Page 309, also being a portion of Assessors Map 8D, Parcel 20, and containing 11.9 acres, more or less.
- B. To see if the Town will transfer from the care and custody of the Select Board to the formal management and control of the Conservation Commission under Massachusetts General Laws Chapter 40, Section 8C a portion of a certain parcel of land located on Olympia Drive, Amherst, Massachusetts, which parcel is the southern and eastern portion of the land taken pursuant to an Order of Taking dated July 13, 1987, and recorded in the Hampshire Registry of Deeds in Book 3018, Page 309, also being a portion of Assessors Map 8D, Parcel 20, and containing 16 acres, more or less.

RECOMMENDED by unanimous Finance Committee vote. The 1987 article established that the purposes for use of this property were for conservation land and for affordable housing. The purposes were stated correctly, but the language of the 1987 article applied them to the wrong sections of the property. That error was later repeated, most recently in Article 18 of the 2005 Annual Town Meeting, in subsequent attempts to fix aspects of the resulting problem. Article 8 would (finally) straighten all of that out; it would apply the correct purposes to the correct sections of the property so the Town can proceed with the affordable housing component in the right place.

ARTICLE 9. Capital Program - Site Selection and Preliminary Design for Fire Station(s) in Amherst
(Fire Station Committee)

To see if the Town will appropriate \$200,000 for site selection and preliminary design of a third fire station in Amherst and preliminary design for renovation of Central Fire Station and to meet that appropriation transfer \$200,000 from Ambulance Receipts Reserved for Appropriation.

RECOMMENDATION DEFERRED by unanimous Finance Committee vote. The article calls for an appropriation of \$200,000 from Ambulance Receipts for site selection and preliminary design of a third fire station in Amherst and preliminary design for renovation of Central Fire Station. The Fire Station Committee has put forward proposals for different general locations of fire stations depending on whether the Town decides to have three stations or two stations. The final choice on the number of fire stations and the scope of the project will be made by Town Meeting. The Finance Committee recognizes the need for action to be taken and respects the careful consideration already given to the problem. We think the Town should continue to work toward a solution. It appears to us that a key decision that is prerequisite to other decisions is the number of stations. The Committee supports in principal appropriation of a lesser amount than exists in the article for preliminary site evaluation for a new station, excluding for now the design work included in the article. (A new station is necessary whether the decision is for two or three stations.) We defer our recommendation because the dollar amount of the appropriation has not been determined yet. Appropriate Town staff and the Fire Station Committee will have determined the amount in time for the Finance Committee to make a recommendation and for Town Meeting to act.

ARTICLE 10. Capital Program – Amherst Area Transportation Plan
(Public Transportation Committee)

To see if the Town will appropriate \$20,000 for preparation of the transportation component of the town's Comprehensive Plan under the guidance of the Public Transportation & Bicycle Committee in cooperation with the Comprehensive Planning Committee and other committees, as appropriate, and to meet such appropriation transfer \$20,000 from the Transportation Fund.

NOT RECOMMENDED by Finance Committee vote of 5-0, two members absent. The article would provide \$20,000 from the Transportation Fund for transportation planning. This is in addition to the separate funding requested under Article 11 for the Town's Comprehensive Plan as well as funding proposed for the following two years. This transportation planning money is not included in the Capital Plan, although the Comprehensive Plan money is. The amount of the appropriation is described as a maximum amount. The Public Transportation and Bicycle Committee (PTBC) would keep costs down by contributing their own work and expertise to the project.

The Finance Committee's primary reason for not recommending this article is that the separate funding is not necessary. The Comprehensive Planning Committee (CPC) appropriation includes \$16,500 for transportation planning, and the CPC expects the PTBC to be fully involved in the planning process, as would other Town Committees whose areas of concern the Comprehensive Plan would affect and whose members have expertise to contribute to the planning process. Secondly, the Finance Committee strongly prefers that capital requests go through the normal capital planning procedure so that the Joint Capital Planning Committee has an opportunity to include all capital requests in its priority-setting process.

The fact that the \$20,000 would come from the Transportation Fund rather than from general taxation does not mean that it is "free money" in any sense. The Town needs to be as careful with Transportation Fund money as it is with any other source. This is especially true since the Transportation Fund is being used this year to pay for the Town-funded outreach bus service provided by UMass Transit. This preserves bus service without using taxation for its operating expense. The expectation is that the Transportation Fund will continue to support public transportation service, perhaps even increasing the level of support. To preserve that option, though, Transportation Fund money must be used carefully.

ARTICLE 11. Capital Program - Master Plan
(Comprehensive Planning Committee, Joint Capital Planning Committee)

To see if the Town will raise and appropriate \$65,000 for development of a comprehensive Master Plan as required under Massachusetts General Laws 41, Section 81D and in implementation of Article 27 of the November 8, 2004 Special Town Meeting.

RECOMMENDED by Finance Committee vote of 5-0, two members absent. This appropriation would fund consultant services and other expenses to continue the multi-year work involved in creating a Comprehensive Plan for the Town. The work on the Plan has used and will continue to use the expertise and volunteer efforts of not only the Comprehensive Planning Committee but many other Town boards and committees as well. The money in this article is included in the Capital Plan. The appropriation was not requested at last spring's Annual Town Meeting because the CPC needed more time to work out details of its request. The Finance Committee believes that creating a Comprehensive plan will benefit the Town substantially by providing a framework for guiding future development and by securing eligibility for various grant opportunities. It will also fulfill a State requirement. Additional requests for appropriations are expected for the next two or three years in order to complete the planning process. The

CPC estimates a total of \$200,000 is needed for master plan funding, beginning with this request for \$65,000.

ARTICLE 12. Capital Program – Preliminary Survey of Town Commons
(Public Works Committee)

To see if the Town will appropriate \$2,000 to survey and define the various Town commons for the purpose of producing recordable instruments and determine whether such appropriation shall be met by taxation, by the transfer of available funds, or otherwise and further to authorize the application for and acceptance of any gifts, bequests, or grants.

RECOMMEND REFERAL TO THE SELECT BOARD by Finance Committee vote of 5-0, two members absent. This Public Works Committee request for \$2,000 is intended to begin the process of surveying Town Commons in order to preserve their integrity as protected open space. The money is not included in the Capital Plan.

The Historical Commission has already begun its own multi-year project of surveying and documenting the history of Town Commons beginning with \$5,000 in Community Preservation Act funds appropriated last spring.

There appear to be some differences in the approach each agency would take, but their goals are identical: to preserve the integrity of the Commons. The Finance Committee thinks the \$2,000 in this article would lead to an unnecessary duplication of effort. What is needed instead is for the two agencies to arrive at a shared understanding of how to achieve protection of the Commons. We believe the Select Board is the appropriate agency to bring this about.

ARTICLE 13. Building Committee for Fort River and Wildwood School Renovations
(School Committee)

To see if the Town will approve the establishment of a Fort River and Wildwood School Building Committee for development of the schematic design phase of the renovation of Wildwood and Fort River schools and authorize the Moderator to appoint its members, at least one of which shall be a member of the School Committee.

RECOMMENDED by Finance Committee vote of 5-0, two members absent. These two elementary schools are at an age when renovation is essential. The first, necessary, step is appointment of a building committee. A single committee for both schools seems appropriate because the two buildings were built from the same plans. Various parts of the work would be the same at both buildings, suggesting that coordinating the two projects should allow greater efficiency and savings.

These projects have been included in the Capital Plan for several years with placeholder amounts of money that are now undoubtedly insufficient. Part of the building committee's job will be to present realistic cost estimates. The state has overhauled its school building assistance program and will begin accepting new project proposals on July 1, 2007. The building committee needs to be appointed now so it can be ready to submit a proposal then.

ARTICLE 14. Amend Town Bylaw – Council on Aging Bylaw
(Council on Aging)

To see if the Town will amend the Town Bylaws, Article 5, by deleting the lined out language and adding the language in ***bold italics***, as follows :

COUNCIL ON AGING

There shall be a council on aging consisting of nine members, ***some members of which shall represent those age 60 and over***, appointed by the town manager for three year terms ~~except that at the outset three shall be appointed for a one year term, three for a two year term and three for a three year term~~ n, all such terms to end at the opening of the annual council meeting for the appropriate year ***unless they are completing an unexpired term***. Any vacancy shall be filled by the town manager, ***who will take into consideration the recommendation of the Nominating Committee of the Council on Aging***. The members shall serve without compensation. The council shall elect its own chairman and its secretary, each for a one-year term. ~~The A~~ secretary shall ~~keep minutes of its~~ ***record all the proceedings of the*** meetings and attend to its correspondence. ***A Senior Center staff member may serve as secretary instead, if needed.*** ~~The council shall meet at least four times a year, a meeting in the spring to be its annual meeting.~~ ***Regular meetings of the Council may be held monthly, the date, time and place to be designated by the chair.*** It shall have the authority granted to it by Section 8B, as now or hereafter amended, of Chapter 40 of the General Laws, and shall coordinate or carry out programs designed to meet the problems of the aging in coordination with ~~programs of the Commonwealth's Commission on Aging established under Section 73 of Chapter 6 of the General Laws.~~ ***programs of the Department of Elder Affairs.***

NO RECOMMENDATION by Finance Committee vote of 5-1.

ARTICLE 15. Amend Town Bylaw – Handicapped Parking
(Select Board)

To see if the Town will amend the Town Bylaws, Article II, Handicapped Parking, by increasing the penalty in Section 2 from \$100 to \$200.

RECOMMENDED by Finance Committee vote of 5-0, two members absent. The increased penalty, from \$100 to \$200, was proposed last spring as one of a group of revenue increases used to balance the FY 06 operating budget. This article implements the change.

ARTICLE 16. Amend Town Bylaw – Article 1
(Town Meeting Coordinating Committee)

To see if the Town will incorporate into Article 1 of the Town Bylaws, immediately following the section headed "Finance Committee," the following By-Law:

(a) The Town Meeting Coordinating Committee. Duties of the Committee

There shall be a Town Meeting Coordinating Committee consisting of seven members who shall be elected, as required by Section (b) "Committee Elections," by the members of Town Meeting at the Annual Town Meeting.

Duties of the Committee .The first duty of this Committee shall be to provide continuing leadership and organization to Town Meeting and to extend outreach to the community on behalf of Town Meeting. The

duties the Committee shall undertake shall include, but not be limited to the following: (1) organizing warrant forums prior to Town Meeting open to the public, (2) communicating to the public about Town Meeting through various means, (3) taking responsibility for the education and orientation for new Members. The Committee shall perform such other duties as Town Meeting shall determine from time to time.

(b) Committee Elections; Term of Office; Termination of Membership; Committee Vacancies

Committee Elections. The members shall hold office for two years. Four members shall be elected in even-numbered years and three in odd-numbered years. Nominations to the Committee shall be made in writing and delivered to the Town Clerk, with the consent of the nominee recorded on the nomination paper. The Town Clerk shall prepare a ballot of those nominated, which ballot shall be presented to each Town Meeting Member at a subsequent session of the Annual Town Meeting to be determined by the Moderator after consultation with the Town Clerk. Each Town Meeting Member shall cast a number of votes less than or equal to the number of seats available.

Term of Office. Committee members' terms shall begin upon the dissolution of the Town Meeting at which they were elected and expire upon the dissolution of the Annual Town Meeting of the second year following their election. Members shall be sworn in by the Town Clerk.

Termination of Membership. Membership on the Committee shall terminate when the member submits a letter of resignation to the Town Clerk or ceases to be a Town Meeting member.

Committee Vacancies. When a position on the Committee becomes vacant for any reason other than expiration of a term, the Moderator shall appoint, from among those unelected candidates of the most recent Committee election who are still Town Meeting members and still willing to serve, the candidate who received the highest number of votes in said election, ties to be resolved by a coin toss. If no unsuccessful candidate from the most recent election meets these qualifications, the Moderator shall appoint a Committee member from among the current Town Meeting members. Appointed Committee members shall serve the remainder of the uncompleted term.

(c) Committee Internal Organization and Procedures: Officers, Subcommittees, Minutes

Officers. Upon dissolution of each Annual Town Meeting, the Committee shall elect from their membership a chairperson, vice-chairperson, a clerk, and a stacker, to serve until the dissolution of the next Annual Town Meeting.

Subcommittees. The Committee may, from time to time, constitute subcommittees as it deems appropriate. Subcommittees may include Town Meeting members who are not members of the Coordinating Committee. Each subcommittee shall be chaired by a member of the Coordinating Committee and appointed by the Chair of the Coordinating Committee.

Minutes. The Committee shall keep minutes of its proceedings and shall file these minutes with the Town Clerk. The proceedings of the subcommittees shall be rendered as reports to be included in the Committee's minutes.

NO RECOMMENDATION.

ARTICLE 17. Zoning Bylaw – Planning Board Appointments
(Planning Board)

To see if the Town will amend Section 10.02 of the Zoning Bylaw by deleting the ~~lined out~~ language and adding the language in ***bold italics***, as follows:

- 10.02 The Planning Board shall consist of nine regular members. In addition, two associate members may be appointed. All members shall be appointed by the Town Manager, ***with approval of the Select Board***, under Section ~~4.54~~ of the ~~Town Manager~~ ***Amherst Town Government*** Act and shall be appointed for a term of three years, except for appointments to fill an unexpired term.

NO RECOMMENDATION.

ARTICLE 18. Zoning Bylaw – Zoning Board of Appeals Appointments
(Select Board)

To see if the Town will amend Section 10.01 of the Zoning Bylaw by deleting the ~~lined out~~ language and adding the language in ***bold italics***, as follows:

- 10.01 The Zoning Board of Appeals shall consist of three members and four associate members, all residents of the Town of Amherst, ***the three members*** appointed and serving ***for three year terms and as otherwise*** set forth in Chapter 40A of the General Laws, as amended. ~~Each year the term of one of the regular members shall expire. The term of each member and associate member shall conclude at the later of the expiration of such term or the qualification of each successor. and at the date of the annual Town election of the year in which the term expires, or whenever a successor qualifies, whichever occurs last.~~ Said Board shall have all of the powers and duties of Boards of Appeals under said Chapter, and, in addition, all the powers and duties herein prescribed. Copies of rules promulgated by the Board of Appeals may be obtained from the Town Clerk's Office.

NO RECOMMENDATION.

ARTICLE 19. Zoning Bylaw – Design Review Board Appointments
(Select Board)

To see if the Town will amend Section 3.2 of the Zoning Bylaw by deleting the ~~lined out~~ language and adding the language in ***bold italics***, as follows:

3.201 Design Review Board

In accordance with the provisions of Chapter 40A of the Massachusetts General Laws, a Design Review Board is hereby established. The Design Review Board shall review applications for all actions that are subject to the provisions of this section and shall make recommendations to the appropriate permit-granting authority concerning the conformance of the proposed action to the design review standards contained herein.

The Design Review Board shall consist of five members, two of whom are registered architects, landscape architects or persons with equivalent professional training, and one of whom operates a business or owns commercial property in the affected area. Appointments to the Design Review Board shall be made, ~~as follows~~ ***by the Select Board. Of the five Design Review Board members,***

one member shall represent the Planning Board and one member shall represent the Historical Commission. The Planning Board and Historical Commission shall vote to recommend their representatives to the Select Board and forward those recommendations to the Select Board prior to appointment. These two representative members need not be members of the Planning Board or Historical Commission.

- 1) ~~One member shall be appointed by the Chairperson of the Planning Board, with the concurrence of a majority of said Board;~~
- 2) ~~One member shall be appointed by the Chairperson of the Historical Commission, with the concurrence of a majority of said Commission; and~~
- 3) ~~Three members shall be appointed by the Chairperson of the Select Board, with the concurrence of a majority of said Board.~~

The terms of all members of the Design Review Board shall be three years, except that when the Board is originally established, the Select Board shall make two of their appointments for a two year term and the remaining appointment shall be for a one year term.

NO RECOMMENDATION.

ARTICLE 20. Zoning Bylaw – Cluster Dimensions (Planning Board)

To see if the Town will amend Table 3 of the Zoning Bylaw – Dimension Regulations, Footnotes, by deleting the ~~lined out~~ language and adding the language in ***bold italics***, as follows:

- k. Requirements may be modified under a ~~Special Permit~~ ***Site Plan Review approval*** granted for a cluster subdivision.

RECOMMENDED by unanimous Finance Committee vote. This article corrects language in the Zoning Bylaw. The Finance Committee recommends it as a housekeeping measure.

ARTICLE 21. Zoning Bylaw - Fences (Planning Board)

To see if the Town will amend the following subsections of Section 6.2 of the Zoning Bylaw, Fences, to delete the ~~lined out~~ language and add the language in ***bold italics***, as follows:

- 6.20 Fences – Fences, ~~or~~ walls, or any similar ~~type~~ structure, shall be considered accessory structures and shall be permitted ***within*** the required ***front, side and rear*** yards subject to the conditions and requirements of Sections 6.22 through 6.29, except that fences in the B-G and ***abutting*** B-L Districts ***and in the B-VC District*** shall require a ~~Special Permit~~ ***approval of the Permit Granting Board or Special Permit Granting Authority with jurisdiction over the proposed or existing Principal or accessory use(s) for which the fence serves as an accessory structure.***
- 6.29 ***Under the provisions of Section 10.38 or 11.24, as applicable,*** ~~Fence, wall, and planting requirements as found in Sections 6.23 through 6.28 may~~ ***for compelling reasons of safety, aesthetics, or site design*** be modified by the ~~Zoning Board of Appeals by the issuance of a Special Permit, based upon a finding that such modification is not detrimental to the neighborhood nor that such modification will jeopardize~~

~~vehicular traffic and/or pedestrian traffic~~ **Permit Granting Board or Special Permit Granting Authority with jurisdiction over the proposed or existing Principal or accessory use(s) for which the fence serves as an accessory structure.**

NO RECOMMENDATION.

ARTICLE 22. Zoning Bylaw – R-G Dimensions (Footnote m.) (Planning Board)

To see if the Town will amend Table 3 of the Zoning Bylaw, Dimensional Regulations, footnote m., by deleting the ~~lined-out~~ language and adding the language in ***bold italics***, as follows:

- m. ~~For new town houses (Section 3.322), apartments (Section 3.323), and subdividable dwellings (Section 3.3240), these areas shall apply i~~In addition to the areas required by this table for any existing dwelling units on the lot. ~~In addition,~~ the density for new town houses, ***(Section 3.322) and apartments (Section 3.323)***, and subdividable dwellings shall not exceed one dwelling unit per 6,000 ***4,000*** sq. ft. of the remaining lot area, or ~~the entire area~~ ***for all new units beyond the first unit***, in the case where there are no existing dwelling units.

NO RECOMMENDATION.

ARTICLE 23. Zoning Bylaw – Flood Prone Conservancy (FPC) District Bylaw (Select Board)

To see if the Town will amend Sections 3.226, 3.3, 6.5, 12.22, and 12.35 of the Zoning Bylaw, as follows:

- A. Amend Section 3.226 by deleting the ~~lined-out~~ language and adding the language in ***bold italics***, as follows:

3.226 If any portion of a lot falls within the FPC District, ***then 40 percent of*** that portion ~~which~~ may be used to meet the lot area and ***all of any side or rear yard setback*** requirements for the district in which the remainder of the lot is situated. ***The Special Permit Granting Authority may grant a Special Permit allowing the use of more than 40 percent of FPC District area on a given property to meet minimum lot area requirements of that property, if the Authority determines that such a modification will serve compelling purposes of safety, site design, aesthetics or the general welfare, as defined under Sections 10.38 or 11.24, as applicable, and where no construction, pavement, or other site alterations associated with the application will occur within that portion of the FPC District so used.***

- B. Delete the heading and text of existing Section 6.5, Lots Within the Flood Prone-Conservancy District, and replace with the heading and text of Section 6.6, Educational and Religious Uses.

- C. Amend Section 12.22 by deleting the ~~lined-out~~ language and adding the language in ***bold italics***, as follows:

12.22 Lot, Buildable: Any lot meeting the minimum lot area and lot frontage requirements of the zoning district in which it is located and which contains either 90 percent of its total lot area, or 20,000 square

feet, in contiguous upland acreage. *A minimum amount of the required upland acreage for a buildable lot shall be outside the FPC District, said amount to be determined using the following formula for the applicable residential or business zoning district(s): Basic Minimum Lot Area x Maximum Lot Coverage (%) x 1.5. In all other districts, the minimum required upland acreage outside the FPC District shall be 12,000 square feet.*

D. Amend Section 12.36 by deleting the ~~lined-out~~ language and adding the language in ***bold italics***, as follows:

12.36 Upland Acreage: Lot area, not including watercourses, water bodies, vernal pools, banks, ~~or~~ bordering or isolated vegetated wetland as defined by the Massachusetts Wetlands Protection Act Regulations 310 CMR 10.00, or the Amherst Wetlands Bylaw, ***and 60 percent of any non-wetland area within the FPC District.***

E. Amend Section 3.3, Use Classification and Standards, as follows:

- 1) Change the permit requirement for Section 3.3121, Salesroom or farm stand for the sale of nursery, garden, or other agricultural produce (including articles of home manufacture from such produce) from Special Permit (SP) to Site Plan Review (SPR).
- 2) Change the permit requirement for Section 3.335, Public park, playground, or other public recreation facility, in the FPC District from Site Plan Review (SPR) to Special Permit (SP).
- 3) Change the permit requirement for Section 3.336.1, Philanthropic or charitable medical or residential facility in the FPC District from Site Plan Review (SPR) to Special Permit (SP).
- 4) Change the permit requirement for Section 3.340.1, Telephone exchange, radio or TV station, broadcasting facility, recording studio or other communication use, in the FPC District from Special Permit (SP) to No (N).
- 5) Amend Section 3.340.3 to read as follows (language in bold italics added), “Railroad or bus depot or other similar transportation facility,” and change the corresponding permit requirement in the FPC District from Special Permit (SP) to No (N).

RECOMMENDATION DEFERRED until Town Meeting by Finance Committee vote of 5-0, one abstaining. The Committee wants to review Planning Board recommendations on the subject before determining its own.

ARTICLE 24. Zoning Map – Flood Prone Conservancy (FPC) District Boundaries (Select Board)

To see if the Town will amend the Official Zoning Map and Section 3.223 of the Zoning Bylaw, as follows:

A. Amend the boundaries of the FPC District as shown on Exhibit A.

B. Amend Section 3.223 by deleting the ~~lined-out~~ language and adding the language in ***bold italics***, as follows:

3.223 The FPC District shall consist of those geographical areas hereinafter delineated which by virtue of their relationship to components of the natural hydrology of the Town of Amherst, have substantial importance to the protection of life and property against the hazards of floods, erosion, and pollution, and in general are essential to the public health, safety, and welfare. Those geographical areas include flood prone areas, natural water storage areas adjacent to ponds, rivers, streams ~~and, wetlands as well as~~ **and** reservoirs.

The FPC District is considered to be:

3.2230 All areas designated as the FPC District on the Official Zoning Map on file in the Town Clerk's Office. The FPC District is determined by the following information: ~~Department of Interior Map of Flood Prone Areas 1969; Soils Survey, 1965; Wetlands Map, 1973; Town of Amherst Base Map, 1972,~~ **or other current town base mapping**, as revised; historical flood information; hydrologic surveys; U.S.G.S. topographic maps; ~~and other topographic surveys;~~ **the 100-year-flood zone (Zone A) on the 1981 and 1983 Flood Insurance Rate Map (FIRM), as amended; observed and projected flooding from any storm event of a statistical frequency equal to or exceeding once in 100 years.**

3.2231 ***Except where otherwise shown on the Official Zoning Map, All*** land within a minimum of 75 feet horizontally of the crest of the bank of the Mill **or Fort** Rivers.

3.2232 ***Except where otherwise shown on the Official Zoning Map, All*** land within a minimum of 50 feet horizontally of the crest of the bank of Cushman Brook, Amethyst Brook, Adams Brook, Hearthstone Brook, ***Eastman Brook***, Swamp Brook, ***Hop Brook, Plum Brook, Muddy Brook***, Hawley Brook downstream from North East Street.

3.2233 All land within a minimum of 25 feet horizontally of the crest of the bank of ~~flowing~~ ***perennial and or*** intermittent streams not otherwise specified in Section 3.2230, 3.2231, 3.2232, but designated on the Town Base Map, 1972 ***or other current Town base mapping***, as revised.

RECOMMENDATION DEFERRED. The Committee wants to review Planning Board recommendations on the subject before determining its own.

ARTICLE 25. Zoning Bylaw & Map – Agricultural District (AG) (Select Board)

To see if the town will vote to amend the Zoning Bylaw by adding sections 3.29 and footnote “o” to Dimensional Regulation Footnotes for Table 3, to amend Section 2.05 and Section 5.090 of the Zoning Bylaw, and to amend the official zoning map, all as follows:

Motion A. Add the following new definition to Section 2.05, Resource Protection Districts

AG Agricultural District

The Agricultural District shall only consist of those parcels or portions of parcels of agricultural land whose development rights have been purchased by or donated to the Commonwealth’s Agricultural Preservation Restriction Program, the Town of Amherst, or a private non-profit organization. The District shall not include land and buildings excluded by contract.

Amend the official zoning map to re-zone portions of the following parcels of land whose development rights have been purchased or donated as described in the Section 2.05 Agricultural District definition from the RLD-FC (Low-Density Residential-Farmland Conservation) Zoning District and other districts listed in parenthesis following each individual parcel to the Agricultural (AG) Zoning District:

Map 4B, Parcel 5 (RO); Map 4D, Parcels 5 (RO), 6 (RO), 7 (RO), 13 (RO), 14 (RO) and 17 (RO); Map 5A, Parcel 2 (VC-R); Map 5C, Parcels 22 (RN) and 48; Map 7B, Parcels 1 (RO) and 2 (RO); Map 9A, Parcel 17 (RO); Map 9C, Parcels 20 (RO), 21, 22, 25 (RO), 28 (RO) and 43 (RO); Map 9D, Parcel 29; Map 12A, Parcels 8 (RO), 12 (RN and RO), 13 (RN), 15 (RN), 53 (RN), 54 (RN) and 61 (RN); Map 12C, Parcels 9 (RN) and 17 (RN); Map 15A, Parcels 29 (RN) and 56 (RN); Map 15C, Parcel 23 (RN); Map 16D, Parcels 1 (RO), 7 (RO), 8 (RO), and 241 (RO); Map 17C, Parcel 178 (RN); Map 17D, Parcels 1 (RN) and 14; Map 18A, Parcels 4 (RN) and 88 (RN); Map 19A, Parcel 4 (RO); Map 20B, Parcels 55, 64 and 70 (RN); Map 20C, Parcel 151 (RN and VC-R); Map 23D, Parcel 106 (RO); Map 26A, Parcels 41 (RO) and 43 (RO).

And, amend the official zoning map to re-zone portions of the following parcels of land in the ARP (Aquifer Recharge Protection) Overlay Zoning District whose development rights have been purchased or donated as described in the Section 2.05 Agricultural District definition from the RLD (Low-Density Residential) Zoning District and other districts listed in parenthesis following each individual parcel to the AG (Agricultural) Zoning District: Map 26B, Parcels 2 (RO) and 157 (RO); Map 27C, Parcels 41 (RO) and 57 (RO); and Map 27D, Parcel 1.

Add the following new Section 3.29 to Article 3:

Section 3.29 Agricultural District

3.290 General

It is intended that the Agricultural District shall only consist of those parcels or portions of parcels of agricultural land whose development rights have been purchased by or donated to the Commonwealth's Agricultural Preservation Restriction Program, the Town of Amherst, or a private non-profit organization, and shall not include land and buildings on such parcels or portions of parcels excluded by contract.

3.291 Use Regulations

3.2910 *Except for uses separately authorized by this section, uses protected under Massachusetts General Laws Chapter 40A, section 3 or permitted under Sections 3.310, 3.311, 3.314 of this Zoning Bylaw shall be by right in the AG District.*

3.2911 *Residences constructed for owners of APR land or their immediate family shall meet all dimensional requirements of this Zoning Bylaw. Flaglots shall meet the requirements of the RLD-FC Zoning District and this Zoning Bylaw.*

3.2912 *Residences constructed to house agricultural workers, seasonal or otherwise shall require a Special Permit from the Zoning Board of Appeals for the use determined in writing by the town's Zoning Enforcement Officer, after review of the permit application, to most closely approximate a use allowed by this Zoning Bylaw.*

3.2913 *Surface water impoundments, flood retention ponds, or other surface water storage uses shall require a Special Permit from the Zoning Board of Appeals.*

- 3.2914 *Commercial greenhouses and the removal and processing of earth products shall require Site Plan Review approval by the Planning Board.*
- 3.2915 *Class I farmstands described in Section 3.3120 shall require Site Plan Review approval by the Planning Board, and Class II farmstands described in Section 3.3121 a Special Permit from the Zoning Board of Appeals.*
- 3.2916 *For wireless communication uses, the provisions of Section 3.340.2 shall apply and prevail.*

3.292 *Dimensional Regulations*

- 3.2920 *All setbacks and heights, side and rear yards, frontage and lot areas, building and lot coverage shall conform to the dimensional regulations applicable to the nearest residential zoning district, except that all farm buildings in use on parcels initially or subsequent zoned into the AG Zoning District shall be deemed to be conforming as to height, setback, side and rear yard for the purpose of repairing, renovating or replacing said buildings.*

Amend the opening paragraph of Section 5.090 as follows:

Section 5.090 Farm Conference Center

The Board of Appeals may authorize by ~~issue of~~ Special Permit the use of a portion of a property as a Farm Conference Center in the R-LD, R-O, ~~and~~ R-N **and AG** Districts only, provided that:

Motion B. Add the following to the Dimensional Regulation Footnotes as footnote “o” to the Basic Minimum Rear and Side Yard line of Table 3 – Dimensional Regulations:

- o. No permanent residential or recreational structures or uses, or non-farm commercial or industrial structures or uses shall be constructed within 50 feet of the boundary of the AG Zoning District. Existing commercial, industrial, residential or recreational structures within 50 feet of land in the AG Zoning District shall be considered conforming uses for the purposes of repair, renovation or replacement. Existing lots and lots excluded from future APR parcels with wetland, floodplain or other physical constraints shall be exempted from the requirement of this footnote to the extent necessary to allow a single residential unit to be located on such a lot if said lot otherwise meets the requirements of this Zoning Bylaw and all other applicable laws and regulations.*

RECOMMENDATION DEFERRED until Town Meeting. The Committee wants to review Planning Board recommendations on the subject before determining its own.

ARTICLE 26. Zoning Bylaw – Demolition Delay (Historical Commission)

To see if the Town will amend Sections 13.3 and 13.7 of the Zoning Bylaw by deleting the ~~lined out~~ language and adding the language in ***bold italics***, as follows:

- A. Amend Section 13.3 as follows:

SECTION 13.3 PROCEDURE

- 13.30 No permit for demolition of a significant structure shall be issued except as provided in this bylaw.
- 13.31 Every application for a demolition permit shall be made upon a form provided by the Building Commissioner, and shall be signed by the owner or the owner's agent under the power of attorney. Every application shall include such locational information, plans and narrative description and justification of the proposed demolition as shall be required under Historical Commission rules and regulations for such applications. ***Notice to abutters and parties in interest shall be done in accordance with the procedures required for Special Permits, as found on M.G.L. Chapter 40A.***
- 13.32 Upon receipt of any application for a demolition permit, the Building Commissioner shall within five (5) days transmit a copy thereof to the Amherst Historical Commission.
- 13.33 Within thirty-~~five~~ (30 35) days of the Commission's receipt of a copy of the application for a demolition permit, the Commission shall hold a public hearing on such application, and shall make a determination as to whether the structure is a *significant structure* under one or more of the criteria set forth in Sections 13.40 and 13.41. The Commission shall give written notice of the time and place of the hearing, not less than seven (7) days prior to the hearing, to the owner by certified mail, ***to abutters and parties in interest by mail***, and by posting and by publication once in a local newspaper. The Commission may conduct a site visit prior to the hearing.
- 13.34 If, within thirty-~~five~~ (30 35) days of the Commission's receipt of a copy of an application for a demolition permit, no public hearing has been held, or ***if within fourteen (14) days following the close of the public hearing*** no finding by the Commission has been filed with the Building Commissioner, the Building Commissioner may, subject to the requirements of the State Building Code and any other applicable laws, bylaws, rules and regulations, issue the demolition permit.
- 13.35 If after holding a public hearing the Commission shall determine that the structure is not a *significant structure* because it fails to meet one or more of the criteria set forth in Section 13.4, or if the Commission shall determine that the structure is a *significant structure* meeting one or more of the criteria set forth in Section 13.4, but that the proposed demolition would not be detrimental to the historical or architectural heritage or resources of the Town, then the Commission shall notify the Building Commissioner in writing of its findings within fourteen (14) days of said determination. Upon receipt of such notification, or upon expiration of said fourteen (14) days without such notice, the Building Commissioner may issue a demolition permit, subject to the requirements of the State Building Code and any other applicable laws, bylaws, rules and regulations.
- 13.36 If, after such hearing, the Commission determines that the structure is a *significant structure* and that the proposed demolition would be detrimental to the historical or architectural heritage or resources of the Town, then it shall file written notice with findings, of its determination to the applicant and the Building Commissioner, and no demolition permit shall be issued until ~~six (6)~~ ***twelve (12)*** months after the date of such determination by the Commission.

B. Amend Section 13.7 as follows:

SECTION 13.7 ENFORCEMENT AND REMEDIES

The following enforcement and remedies shall apply under this bylaw:

13.70 The Historical Commission is authorized to adopt rules and regulations to carry out its duties and functions under this bylaw.

13.71 The Commission and the Building Commissioner are each authorized to institute any and all proceedings in law or equity they shall deem necessary and appropriate to obtain compliance with the requirements of this bylaw, or to prevent a violation thereof.

13.710 Any owner of a building and/or structure subject to this Bylaw who knowingly acts to demolish said building and/or structure, or damage a portion of a building or structure in a way which increases its likelihood of total failure, without first obtaining a building permit for demolition in accordance with the provisions of this Bylaw, or who likewise by some causative action contributes to the deterioration of said building or structure during the demolition review period, shall be in violation of this Bylaw and subject to enforcement by a non-criminal complaint pursuant to the provisions of M.G.L. Chapter 40, Section 21D, as amended.

13.711 Notwithstanding the provisions of Section 11.45, the fine for any such violation shall be three hundred dollars (\$300.00) for each offense. Each day the violation exists shall constitute a separate offense until the demolished building is rebuilt or re-created as directed by the Historical Commission, or unless otherwise agreed to by the Commission.

13.712 Notwithstanding the above, this section does not create an affirmative obligation to maintain a property.

13.72 No building permit shall be issued with respect to any premises upon which a significant structure has been demolished in violation of this bylaw for a period of two (2) years from the date of the completion of such demolition.

NO RECOMMENDATION.

ARTICLE 27. Capital Program - Historical Preservation Restriction – 575 North East Street (Select Board)

A. To see if the Town will appropriate \$50,000 for acquisition of an Historic Preservation Restriction on the pre-1815 brick Federal house known as the Benjamin Kimball House and associated property at 575 North East Street (Map 9C-1/Parcel 28); determine whether such appropriation shall be met by borrowing, taxation, the transfer of available funds, or otherwise, and authorize the application for and acceptance of any gifts, bequests, or grants; and authorize the Select Board to acquire said restriction, which shall include the following area and serve the following purposes:

The area of the Historic Preservation Restriction shall include the original brick portions of the Benjamin Kimball House and all immediately abutting land area in an exclusion from an Agricultural Preservation Restriction (APR) encumbering surrounding property, said Restriction beginning at the eastward edge of the North East Street public way, proceeding east to a line parallel to and twenty (20) feet from the rear (east) wall of the house, and bounded on the north and south by APR encumbered lands.

- B. To see if the Town will authorize the Select Board to acquire by purchase or gift and appropriate \$1,300,000 for the acquisition of the property at 575 North East Street (Map 9C-1, Parcel 28) surrounding and including the Benjamin Kimball House; determine whether such appropriation shall be met by borrowing, taxation, the transfer of available funds, or otherwise and authorize the application for and acceptance of any gifts, bequests, or grants; and authorize the Select Board to thereafter sell or dispose of, upon such terms and conditions as the Select Board may deem reasonable and appropriate, any and all property interests except for an Historic Preservation Restriction to be retained by the Town.

RECOMMENDATION DEFERRED until Town Meeting.

ARTICLE 28. Capital Program - Agricultural Preservation Restriction – West Street
(Select Board)

A. To see if the Town will authorize the Select Board to acquire by purchase, gift, eminent domain or otherwise, the easement rights held by Alvah G. Eldridge, Nettie M. Eldridge, Miriam D. Richards, Ethelyn E. Richards and/or any other persons claiming any rights in such easement, which easement permits drainage and sewage to be emptied onto certain land located on West Street, being Map 20C, Parcel 151 of the Town Cadastre, as more particularly described in the deed of Anna Elizabeth Nanartonis to the Nanartonis Family Trust dated January 2, 1991, and recorded at the Hampshire County Registry of Deeds in Book 3673, Page 117.

B. To see if the Town will authorize the Select Board to purchase, jointly with the Commonwealth of Massachusetts Department of Food and Agriculture, an Agricultural Preservation Restriction from the Nanartonis Family Trust on land located on West Street, being Map 20C, Parcels 149, 150 and 151 of the Town Cadastre, appropriate \$30,000 for said purchase, and determine whether such appropriation shall be met by borrowing, taxation, the transfer of available funds, or otherwise and authorize the application for and acceptance of any gifts, bequests, or grants.

RECOMMENDATION DEFERRED until Town Meeting.

ARTICLE 29. Community Preservation Act – Housing Project on Main Street
(Select Board)

To see if the Town will advise and direct the Select Board to permit the Amherst Housing Authority to convey to a non-profit corporation the land acquired by the Housing Authority using funds appropriated under Article 11 of the 2005 Annual Town Meeting so as to allow such non-profit corporation to develop the community housing project as provided in Article 11.

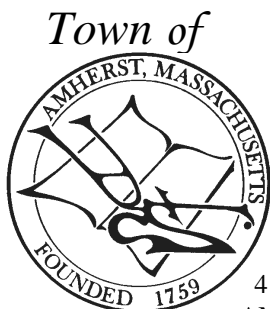
RECOMMENDATION DEFERRED until Town Meeting.

Finance Committee Members:

We invite your questions and views about Town money matters.

Marilyn Blaustein	253-5963
Carlton Brose	256-8425
Alice Carlozzi, Chair	549-1236
Michael Mascis	253-9165
Brian Morton, Vice Chair	549-4161
Kay Moran	549-5767
Matthieu Massengill	Resigned October, 2005

APPENDIX ONE



AMHERST

Massachusetts

TOWN HALL
4 BOLTWOOD AVENUE
AMHERST, MA 01002-2351

OFFICE OF THE FINANCE DIRECTOR/TREASURER

Phone: (413) 256-4022

Fax: (413) 256-4007

Email : finance@amherstma.gov

October 24, 2005

TO: Finance Committee

FROM: John P. Musante, Finance Director/Treasurer

SUBJECT: Article 5, Part A – Appropriation to Health Claims Trust Fund

The Town of Amherst, in partnership with the Amherst Pelham Regional School District and the Town of Pelham, self-insures its group health plan under M.G.L. Ch. 32B, S. 3A and administers and accounts for all incurred obligations, claims, and receipts via a Health Claims Trust Fund (HCTF). Employers pay into the HCTF via budget appropriations and employees contribute their share of monthly premiums via payroll withholdings. Claims and administrative costs are paid from the HCTF. At fiscal year end on June 30, 2005, the HCTF had a negative balance of \$705,443. The Massachusetts Department of Revenue (DOR), per new stricter accounting guidelines promulgated in September, requires the Town to appropriate funds to retire the HCTF deficit at fall Town Meeting prior to the setting of the tax rate.

Article 5, Part A – November 2, 2005 Special Town Meeting

Warrant Article 5, Part A, requests an appropriation of \$705,443 from free cash. The Town's general fund will be "paid back" via a temporary rate surcharge to employers and employees over eighteen months beginning approximately January 2006. In addition, DOR reduced the amount of July 1, 2005 certified free cash by \$705,443, the amount of the HCTF deficit. Both of these negative impacts on free cash are temporary. This "double whammy" is temporary because next year free cash will not be reduced by DOR because the HCTF deficit will have been retired.

How Did We Get Here?

In May, an independent consultant retained by the Town presented a final report with eleven specific recommendations and a three-year health insurance program/strategy. They included a 36% increase in premiums to satisfactorily fund the HCTF in FY 06, the introduction of substantially more cost-effective health care plan design alternatives such

as state of the art managed care plans, the purchase of reinsurance (stop/loss coverage for high individual claims), a strategy to replenish over the next three years an appropriate reserve to be held in the HCTF, and improved employee education. All of these recommendations had as a primary objective to control and contain future increases and a number require collective bargaining with affected employees, which is ongoing. In the spring of 2005 prior to the implementation of the recommended 36% premium increase and proposed plan changes for FY 06, the HCTF continued to perform poorly and ended FY 05 with a negative balance of \$705,443.

Impact on Reserves

Free cash was certified at \$1,240,133 on September 26. This is the amount after DOR deducted \$705,443 for the June 30, 2005 HCTF deficit. The Stabilization Fund balance is \$1,729,000. The bottom line here is that we had a projection of \$3,150,000 in available reserves as of July 1, 2005 (see Finance Committee Report Part 2 to 2005 ATM) and we have \$2,969,000 (free cash plus stabilization). The difference from estimate is the net result of good news on actual FY 06 revenues/expenditures versus budget and bad news on the HCTF deficit at year end. Most of the good news is on the revenue side. Inspectional fees, strong tax title (delinquent) collections, investment earnings, and Medicaid reimbursements were the drivers. Unspent appropriations closed to fund balance totaled approximately \$125,000, primarily from vacant positions (turnover, etc.) After the appropriation of \$705,443 this fall, \$2,264,000 remains in the Town's reserves. Next summer, after the Town closes its books on June 30, 2006, free cash will be recertified by DOR. Free cash will increase by the \$705,443 deducted by DOR this year plus an additional \$240,000 representing the first six months of reimbursements to the general fund from the temporary eighteen month rate surcharge. The remainder of the \$705,443 "loan" from the general fund to the HCTF will be paid back in FY 07 and positively impact July 1, 2007 free cash.

Impact on Budget

The temporary rate surcharge to retire the HCTF deficit impacts the FY 06 and FY 07 health insurance budgets. Health plan premiums would increase by about 5.25%, or \$21 for a single plan and \$51 for a family plan. The estimated employer share (Municipal, Schools, Library, Region, Pelham) of the \$705,443 to be raised is \$555,000 over eighteen months. The balance is to be paid by employees via payroll withholding. The estimated impact on FY 06 budgets is \$185,000 (Municipal: \$51,000; Enterprise Funds: \$6,500; Library: \$4,700; Elementary Schools: \$54,700; Region: \$65,600; Town of Pelham: \$3,400). The balance of the surcharge, double the 6-month FY 06 amounts, will need to be included in FY 07 budgets.

APPENDIX TWO

TOWN OF AMHERST
Federal SAFER Grant - Preliminary Estimate
24-Oct-2005

	Calendar Year 1	Calendar Year 2	Calendar Year 3	Calendar Year 4	Calendar Year 5	Total
USES:						
Personnel (5 firefighters)	190,230	199,742	209,729	220,215	231,226	1,051,142
Fringe Benefits	<u>57,069</u>	<u>59,923</u>	<u>62,919</u>	<u>66,065</u>	<u>69,368</u>	<u>315,344</u>
	247,299	259,665	272,648	286,280	300,594	1,366,486
SOURCES:						
Federal share	180,000 72.8%	160,000 61.6%	100,000 36.7%	60,000 21.0%	0 0.0%	500,000
Town share	<u>67,299 27.2%</u>	<u>99,665 38.4%</u>	<u>172,648 63.3%</u>	<u>226,280 79.0%</u>	<u>300,594 100.0%</u>	<u>866,486</u>
	247,299	259,665	272,648	286,280	300,594	1,366,486

Year 1 Cost per Firefighter: 49,460 including benefits

	FY 06	FY 07	FY 08	FY 09	FY 10	Total
PROJECTED SOURCES TOWN SHARE:						
Total Town Share	33,650	99,665	172,648	226,280	300,594	832,837
Ambulance Fund	(33,650)	0	(73,650)	(73,650)	(123,650)	(304,600)
EMS Fee Increase	0	(53,650)	0	(50,000)	0	(103,650)
EMS Stipend (4 Towns)	0	(20,000)	0	0	0	(20,000)
Inspection Fees	<u>0</u>	<u>(26,015)</u>	<u>(26,015)</u>	<u>(26,015)</u>	<u>(26,015)</u>	<u>(104,060)</u>
Net from Taxation	0	0	72,983	76,615	150,929	300,527

Town's Share per Fiscal Year:

FY06	33,650	from Ambulance Receipts Reserved for Appropriation (assumes 1/1/06 hiring date for 5 new FFs)
FY07	99,665	from EMS fee increase, EMS stipend increase (from 4 towns) and inspection fees
FY08	172,648	from FY07 fee increases and \$73,000 in new revenue
FY09	226,280	from FY07 fee increases and FY09 EMS rate increase
FY10	<u>300,594</u>	from FY07 and FY09 fee increases and \$75,000 in new revenue
	<u>832,837</u>	

FY06 ONE-TIME COSTS FOR SAFER GRANT

UNIFORMS @ \$500:	\$2500
PROTECTIVE GEAR @\$1500:	\$7500
WELLNESS @ \$200:	\$1000
TRAINING AT STATE FIRE ACADEMY @ \$2000:	<u>\$6000</u>
TOTAL:	\$17,000
[ALL TO BE TAKEN FROM EXISTING FY06 BUDGET]	

ANNUALIZED EXPENSES FY07 (and beyond)

UNIFORMS @ \$200:	\$1000
WELLNESS @ \$200:	\$1000
DEFIBRILLATOR RECERTIFICATION @ \$100:	\$ 500
TRAINING:	\$1000
EMT RECERTIFICATION [every 2 years] @ \$150:	\$ 750
EMT BONUS [every 2 years] @ \$200:	<u>\$1000</u>
TOTAL:	\$5250